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Part 2

FEDERAL BOAT SAFETY ACT AMENDMENTS

JULY 1, 1983.—Ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 2163]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment to the bill, as reported by the Committee on Merchant Marine and Fisheries, which was referred to the Committee on Ways and Means, is a complete substitute therefor and appears in bold face roman type in the reported bill.

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I. SUMMARY OF THE BILL

Sport fish restoration and boating safety fund amendments

Under present law, a manufacturers excise tax equal to 10 percent of the price is imposed on the first sale of fishing rods, creels and reels, and certain other articles (Code sec. 4161(a)). Amounts equivalent to the revenues from the tax are appropriated (based on the prior fiscal year tax receipts) to the States in partial reimbursement of the costs they incur in approved sport fish restoration and management projects (currently referred to as the "Dingell-Johnson" program). Excise taxes are imposed at a rate of 9 cents per gallon on gasoline and special motor fuels used in motorboats. For fiscal years 1983 through 1988, up to $45 million per year of revenues from the excise taxes on gasoline and special motor fuels used in motorboats (secs. 4041, 4081, and 9503) are to be deposited in the National Recreational Boating Safety and Facilities Improvement Fund, with the balance, if any, of such revenues deposited in the Land and Water Conservation Fund. A portion of the revenue from these funds is used for marine conservation programs, and the remainder is used for recreational boating programs.

Import duties are imposed on yachts, pleasure craft, and certain articles of fishing equipment under present law. Revenues from these duties currently are deposited in the general fund of the Treasury.

H.R. 2163 was reported by the Committee on Merchant Marine and Fisheries on May 16, 1983, and was sequentially referred to the Committee on Ways and Means for consideration of the revenue-related provisions until July 15, 1983. The bill, as ordered reported by the committee expands the articles subject to the 10-percent excise tax on sport fishing equipment and imposes that tax at a special 3-percent rate on electric outboard boat motors. The time for paying the excise tax on sport fishing equipment is also extended, with payments to be required quarterly. Further, the bill alters the financing sources and expenditure purpose for the Sport Fish Restoration Program and the Boating Safety Fund, and the financing sources for the Land and Water Conservation Fund.

The expansion of the articles subject to the excise tax are effective with respect to articles sold after December 31, 1983; the other amendments are effective on October 1, 1983.

National Fish and Wildlife Foundation

Under present law, a charitable organization is exempt from tax if it meets certain specific Internal Revenue Code requirements (sec. 501). With certain exceptions (e.g., churches), organizations are exempt only if the Internal Revenue Service makes a determination of exempt status following submission of an application on behalf of the organization (sec. 508). Contributions to the organiza-

tion for use in carrying out its exempt function generally are deductible by the donor for income, estate, and gift tax purposes (secs. 170, 2055, and 2522).

Organizations maintain their tax-exempt status and eligibility to receive tax-deductible gifts only as long as statutory criteria are satisfied. An organization otherwise exempt from tax is nevertheless taxable on its unrelated business income, and certain otherwise exempt organizations may incur liability for other special taxes if specified actions are taken or certain conditions exist.

H.R. 2809, as reported by the Committee on Merchant Marine and Fisheries on May 16, 1983, and sequentially referred to the Committee on Ways and Means until July 15, 1983, establishes a new tax-exempt foundation, The National Fish and Wildlife Foundation. An amount, not to exceed $1 million over a 10-year period, is authorized to be made available from the Federal Treasury to the Foundation for administrative expenses and for a one-for-one matching program with private contributions for use in carrying out its exempt purpose. The Foundation is not to be an agency or establishment of the United States Government.

H.R. 2163, as ordered by the Committee on Ways and Means, provides that the Foundation established by H.R. 2809 will be treated as an organization exempt from tax under Code section 501(c)(3), upon its establishment. The Foundation will be subject to the provisions of the Internal Revenue Code governing organizations exempt from tax under section 501(c)(3) and will maintain its exempt status so long as it satisfies the requirements for exemption under that section. A corresponding amendment is made to H.R. 2809, as reported by the committee, deleting that bill's provision dealing with taxation of the Foundation.

Expansion of Excise Tax on Arrows

Under present law, an 11-percent manufacturers excise tax is imposed on the sale by a manufacturer or importer of any bow which has a draw weight of 10 pounds or more and of any arrow which measures 18 inches overall or more in length (sec. 4161(b)). Amounts equivalent to the revenues from this tax are appropriated to the Pittman-Robertson program for support of State wildlife programs.

The committee bill expands the excise tax on arrows to include arrows less than 18 inches in overall length when the arrow is suitable for use with a taxable bow.

II. EXPLANATION OF FISHING EQUIPMENT REVENUE AND TRUST FUND PROVISIONS OF THE BILL

A. Revenue Provisions

Present Law

1. Excise tax on fishing equipment

An excise tax equal to 10 percent of the price is imposed on the first sale of fishing rods, creels and reels, and on artificial lures, baits and flies (including parts and accessories) by a manufacturer, producer, or importer (Code sec. 4161(a)).

Amounts equivalent to the revenues from the 10-percent excise tax on fishing equipment are appropriated (based on the prior fiscal year's tax receipts) to the States in partial reimbursement of the costs they incur in approved fish restoration and management projects, discussed below under the explanation of the sport fish restoration program (currently referred to as the Dingell-Johnson program).

2. Time for payment of tax

Treasury Department regulations require returns of manufacturers excise taxes, including the tax on the sale of fishing equipment, to be filed quarterly, unless the Internal Revenue Service requires more frequent filing by an individual taxpayer (Treas. Reg. sec. 48.6011(a)–1). Quarterly returns are due on the last day of the first month after the end of the quarter (Treas. Reg. sec. 48.6071(a)–1).

Although most Federal excise tax returns are filed on a quarterly basis, Treasury regulations generally require monthly, or semimonthly, payment of the tax (Treas. Reg. sec. 48.6302(c)–1). If a taxpayer is liable in any month for more than $100 of manufacturers excise tax and is not required to make semimonthly deposits, the taxpayer must deposit the amount on or before the last day of the next month at an authorized depository or at the Federal Reserve Bank serving the area in which the taxpayer is located.

If a taxpayer had more than $2,000 in manufacturers excise tax liability for any month of a preceding calendar quarter, such taxes must be deposited for the following quarter (regardless of amount) on a semimonthly basis. The taxes must be deposited by the ninth day following the semimonthly period for which they are deposited.

3. Taxes on motorboat fuels

Taxes at a rate of 9 cents per gallon are imposed on gasoline and special motor fuels used in motorboats. For fiscal years 1983 through 1988, up to $45 million per year (but not to exceed a total of $45 million in fund at any time) of the revenue from these taxes is to be transferred into the National Recreational Boating Safety and Facilities Improvement Fund (the "Boating Safety Fund"),

with the balance, if any, transferred to the Land and Water Conservation Fund.

4. Import duties on fishing equipment and yachts and pleasure craft

Duties at varying rates are imposed on the importation of specified articles of fishing equipment (19 U.S.C. 1202). Duties are also imposed on the importation of certain yachts and pleasure craft (19 U.S.C. 1202). Revenues from these import duties currently are deposited in the general fund of the Treasury.

Reasons for Change

Excise tax on sport fishing equipment

The committee agrees with the Committee on Merchant Marine and Fisheries that the 10-percent excise tax on fishing equipment should be expanded to cover other sport fishing equipment so that all purchasers of sport fishing equipment will contribute to the financing of the Federal-State sport fish restoration program. Also, the committee agreed to impose the tax at a special 3-percent rate on electric outboard boat motors because these motors are used primarily in sport fishing. However, the committee decided not to impose this tax on fishfinders because these devices are used both as depth finders (navigational aid) as well as in finding fish.

In addition, the committee agreed with the Committee on Merchant Marine and Fisheries to provide an extension of time for payment of the excise tax on sport fishing equipment, due to the seasonal nature of sales by the manufacturers of such equipment. The committee wishes to emphasize, however, that this extended payment time for the tax on sport fishing equipment is not to be viewed as a precedent for other Federal excise tax payment schedules.

Additional revenue sources for sport fish restoration program

The committee agrees with the Committee on Merchant Marine and Fisheries on the need for additional revenues for the Federal-State sport fish restoration program. In addition to the revenues from the expanded excise tax on sport fishing equipment, the committee determined that the proposed transfer of revenues from the existing import duties on fishing equipment and on yachts and pleasure craft to the new Sport Fish Restoration Account in the new Trust Fund created by the committee amendment is appropriate. Finally, the committee agrees with the Merchant Marine Committee that the revenues from the existing excise taxes on motorboat fuels should be reallocated so that the excess (except for $1 million per year) of such revenues over the $45 million per year going into the new Boat Safety Account of the new Trust Fund should go into the Sport Fish Restoration Account for financing of sport fish restoration programs.

Explanation of Revenue Provisions

1. Expansion of excise tax on sport fishing equipment

Articles subject to the 10-percent excise tax

The committee bill expands the articles subject to the 10-percent manufacturers excise tax on fishing equipment, and classifies the articles subject to the 10-percent tax into the following main categories—

a. Fishing rods and poles (and component parts)

The term fishing rods and poles means any tube or shaft-like device made of natural, synthetic, or other material which is designed or used to cast, troll, or otherwise present a bait or lure to fish. It is not the intention of the committee to tax bamboo poles not designed or intended for use in fishing; however, any pole intended for attaching a fishing line to, or through, is to be considered to be a fishing rod or pole. "Component parts" means rod handles, guides, reel seats, blank rods, tip-tops, ferrules, or any other devices which are designed to be attached to such poles or rods for use in fishing.

The term fishing reels means any mechanical device which can be attached to rods or poles and used or designed for dispensing and retrieving fishing line. The term includes reels used in fly fishing and also reels or spools which are employed for dispensing and retrieving the line attached to arrows and spears used in fishing.

The term fly fishing lines and other fishing lines not greater than 130 pounds test means all lines either monofilament, multifilament, synthetic, organic, or inorganic, including metal lines, which are used, or designed for, the purpose of attaching lures, hooks, flies, bobbers, sinkers, and any other item of terminal tackle, including such lines to attach items of terminal tackle to one another, such as leaders. Fishing lines over 130 pounds test (i.e., lines able to suspend a 130-pound weight without breaking or stretching more than 5 percent of line length while suspending that weight) are not taxable under the committee bill. This limitation is made because the committee understands that commercial fishermen primarily use fishing line greater than 130 pound test, while sport fishermen generally use lines equal or less than 130 pound test.

The term fishing spear means any tube or shaft-like device ending in a sharp tip and designed for the purpose of spearing fish; a taxable spear gun is any device designed for propelling a shaft or tube-like item through the water for the purposes of spearing fish; and a fishing spear tip is any device designed to be attached to a shaft or tube-like device which ends in one or several sharp tips.

b. Items of terminal tackle

Items of terminal tackle subject to the 10-percent tax include, but are not limited to—

(1) Leaders, i.e., items used for attaching the end of a fishing line to a hook or lure or any other device of terminal tackle. A leader many inlude, but is not limited to, fishing line, swivels, and snaps;

(2) Artificial lures, i.e., all artifacts (of whatever materials made) that simulate an article considered edible to fish or that are otherwise intended to induce a fish to attempt to confront, swallow, bite, or consume said device, and that are designed to be attached to a line (usually a lure includes one or more attached hooks);

(3) Artificial baits, i.e., any baits that simulate an article considered edible to fish and that are designed to be attached to a hook or lure (The term does not include preserved packaged natural baits.);

(4) Artifical flies, i.e., hooks less than size 6/0 (less than 2⅛ inches in length as measured from the top of the shank to the bottom of the bend in the hook) to which feathers, beads, lead, or other items are attached to make said items resemble insects or other organisms which are considered edible to fish and that are designed to be attached to a fishing line, leader, swivel, or snap;

(5) Fishing hooks smaller than size 6/0, i.e., any curved or bent metallic device which terminates in a sharp point for the purpose of catching, holding, or pulling fish or fishing bait, and which is smaller than size 6/0 (less than 2½ inches as measured from the top of the shank to the bottom of the bend in the hook);

(6) Bobbers, i.e., any device used as a means to suspend a fishing line or lure in the water column, or which can be used to visually track the location and status of fishing line and associated hooks and bait, and which can be attached to a fishing line. (The term bobbers includes articles made of plastic, cork, or other materials.);

(7) Sinkers, i.e., devices wholly or in part made of lead or other metallic substances and which are designed to attach to fishing lines or items of terminal tackle with the intention of or causing the terminal tackle to descend into the water column;

(8) Snaps, i.e., a catch, clip, or fastening device which is designed at one end to tie onto the end of a fishing line and to attach, by means of a clasp at the other end, items of terminal tackle;

(9) Drayles, i.e., any article made, wholly or in part, of lead or other metallic substances which can be tied or otherwise attached to the end of a fishing line to which is attached leaders or other items of terminal tackle and which is designed to be trolled behind a boat, such that the line or terminal tackle descends into the water column; and

(10) Swivels, i.e., devices of terminal tackle which are designed such that fishing line can be attached to either end and so that the ends of the fishing line can pivot freely.

c. Certain items of fishing supplies and accessories

The following items of fishing supplies and accessories are subject to the 10-percent excise tax—

(1) Fish stringers, i.e., articles designed for or sold as devices for attaching fish through the opercular opening and mouth, including such devices consisting of a series of metal or plastic clips as well as cords consisting of a ring and threader connected by a cord;

(2) Creels, i.e., all portable containers of whatever material made that are designed for storing and carrying fish from the time they are caught until such time as they are removed from the container for consumption or preservation;

(3) Tackle boxes, i.e., all portable containers of whatever material made that are designed or sold as items in which to store and organize fishing paraphernalia such as hooks, lures, flies, sinkers, bobbers, etc., until such time as these items are placed on the fishing line rod, or reel;

(4) Bags, baskets, and other containers designed to hold fish, i.e., such items as collapsible baskets or similar devices made of any material designed to be hung over the side of the boat to keep fish captive and alive in the water.

(5) Portable bait containers, i.e., any device specifically designed or sold as an article to hold or transport bait such as minnow buckets and grasshopper cages, or any other device designed specifically to hold worms, insects, frogs, etc., in connection with fishing activities;

(6) Fishing vests, i.e., garments designed for storing various lures, files, hooks, and other fishing paraphernalia and which may also have the capacity to store fish. (The term fishing vest includes vests with flotation capacity but not those vests that are solely intended as flotation devices.);

(7) *Landing nets,* i.e., those items consisting of a handle connected to a hoop, which hoop is covered by a bag-type net. (Such nets are designed primarily for scooping a hooked fish out of the water and into a vessel or onto shore.);

(8) *Gaff hooks,* i.e., devices consisting of a handle and hook for holding or lifting fish into a vessel once they are brought to the boat on the end of a fishing line;

(9) *Fishing hook disgorgers,* i.e., any implement designed solely for use in removing fishing hook(s) from the mouth, gill, arches, or stomach of fish; and

(10) *Dressing for fishing lines and artificial flies,* i.e., any substance applied onto fishing lines or artificial flies designed to enhance the flotation of the line or fly or otherwise designed to attract fish to the artificial fly.

d. Fishing tip-ups and tilts

The term fishing tip-ups and tilts means devices consisting of such parts as a spool on a spindle and a spring-mounted flag on opposite ends of a vertical pole, with cross members to support the pole over a hole in the ice or any other such device designed to alert a fisherman when a fish is either hooked or in the process of attempting to eat the bait on a hook or bite a bait or lure.

e. Other fishing equipment

Certain other types of fishing equipment are also subject to the 10-percent tax—

(1) *Fishing rod belts,* i.e., articles which fasten around or near the waist which are designed for placing the butt end of a rod or pole in a cup-like depression to aid in holding or handling of a rod or reel.

(2) *Fishing rod-holders,* i.e., devices which are portable and can either be inserted into beaches or clamped onto boats and which hold a rod or pole in a stationary position relative to the boat or beach.

(3) *Fishing harness,* i.e., ariticles worn by an angler to transmit muscular power to the rod or to abosrb strain. Fishing harnesses usually are made of canvas, leather, and/or similar materials, and have straps with devices that can be fastened to the reel and/or sockets into which the rod butt may be seated.

(4) *Fish fighting chairs,* i.e., a heavily built chair designed to have a footrest, rod holders, and a swivel base attached and which is usually permanently installed in a suitable fishing boat for the purpose of fighting deep sea fish with rod and reel.

(5) *Fishing outriggers,* i.e., a device, or pair of devices, attached to a boat consisting of a braced rod or tube with a means for attaching the fishing line out and away from the boat for trolling purposes in such a way that when the fish strikes the rolled bait, the line is released from the outrigger so that the fish may be fought directly with rod and reel.

(6) *Fishing downriggers,* i.e., devices used for submerging and lowering the fishing line and bait down and away from a boat while trolling. A downrigger usually consists of a boom and reel attached to the boat supporting a cable and weight with a means for attaching the fishing line in such a way that when a fish strikes the trolled bait, the line is released from the weight so that the fish may be fought directly with rod and reel.

Three-percent rate on certain electric motors

In addition, the bill imposes the tax at a special 3-percent rate on electric outboard boat motors.

Constructive sale price rules

The committee understands that the fact that the excise tax on sport fishing equipment is imposed on the first sale of such equipment by a manufacturer or importer may result in different tax burden depending on whether a wholesale distributor, independent of the manufacturer or importer, is the purchaser when the taxable sale occurs. The committee intends that the impact of the tax be the same in all cases. To insure that this result obtains, the committee wishes to stress the provisions of present law relating to the definition of price (Code sec. 4216), especially the provision relating to establishment by the Internal Revenue Service of a constructive sale price in certain cases where a sale is not made at arm's-length (sec. 4216(b)). The committee intends that the Internal Revenue Service actively utilize this provision to insure that the incidence of the excise tax on fishing equipment be equivalent for all manufacturers and importers, regardless of their form of business organization.

2. Time for payment of excise tax on sport fishing equipment

The committee bill extends the time for paying the excise tax on sport fishing equipment. Under the bill, payment of these excise tax is required on a quarterly basis as follows:

a. March 31, in the case of articles sold during the quarter ending the previous December 31;

b. June 30, in the case of articles sold during the quarter ending the previous March 31;

c. September 24, in the case of articles sold during the quarter ending the previous June 30; and

d. On a date prescribed in Treasury regulations in the case of articles sold during the quarter ending September 30.

The committee intends that the Treasury regulations issued under this provision provide for payment of the excise tax attributable to articles sold during the quarter ending September 30 in a way that all revenue presently received before October 1 of a year will continue to be so received in the Treasury.

The committee bill does not amend the time prescribed under present law for filing of returns of manufacturers excise taxes or the time for payment of such taxes on articles other than sport fishing equipment.

3. Transfer of revenues from import duties on fishing tackle and yachts and pleasure craft

An amount equivalent to the revenues received from the import duties on fishing equipment and on yachts and pleasure craft is dedicated to the sport fish restoration program rather than being retained in the general fund of the Treasury.

4. Reallocation of motorboat fuels tax receipts

Revenues from the existing excise taxes on gasoline and special motor fuels used in motorboats are reallocated between the sport fish restoration program, the Federal boating safety program, and the Land and Water Conservation Fund. This reallocation is explained more fully in Part II.B., Trust Fund Provisions, following.

Effective Dates

The fishing equipment excise tax provisions of the bill apply to taxes imposed after December 31, 1983. The provision changing the time for paying the excise tax and the provisions affecting allocation of motorboat fuels tax revenues and import duties are effective on October 1, 1983.

Revenue Effect

It is estimated that these provisions will increase gross fiscal year budget receipts by $8 million in 1984, $12 million in 1985 and 1986, and $13 million in 1987 and 1988. Net fiscal year budget receipts (after income tax offsets) are estimated to increase by $6 million in 1984, $9 million in 1985 and 1986, and $10 million in 1987 and 1988. (See also Part *V* of this report.)

B. Trust Fund Provisions

Present Law

Present law includes no trust fund for the sport fish restoration and Federal boating safety programs. Instead, these programs are funded either by an appropriation of amounts equivalent to specific tax revenues from the general fund (i.e., the sport fish restoration program) or by appropriation to a special "fund" not having the status of a trust fund (i.e., the Federal boating safety program).

1. Sport fish restoration program

The Act of August 9, 1950 (presently referred to as the Dingell-Johnson Act, so named after the original cosponsors of the Act), provided for cooperation between the Federal Government and State fish and game departments. Although the Act did not establish a separate fund, appropriations are linked to specific tax revenues. Limits are placed on State expenditures of Federally appropriated funds until the State has passed laws governing the conservation of fish and the State meets other requirements.

An amount equivalent to revenues from the 10-percent excise tax on fishing equipment is authorized to be appropriated (under 16 U.S.C. sec. 777b) to carry out fish restoration and management projects. The appropriation is based on the prior year's tax receipts. The appropriation for any fiscal year continues to be available for the succeeding fiscal year. If the amount apportioned to any State is unexpended or unobligated at the end of the period for which it is available, this amount is then authorized to be made available for expenditure by the Secretary of the Interior on the research program of the Fish and Wildlife Service.

Any State that wishes to receive any of these appropriations must submit to the Secretary of the Interior a program or project for fish restoration. Amounts are appropriated to reimburse States for up to 75 percent of the cost of approved projects. Approved projects include research into problems of fish management and culture, surveys and inventories of fish populations, restocking waters with game fishes according to natural areas, and acquisition and improvement of fish habitat that provide access for public use. The amount of assistance for these programs is determined by statutory formula.

A portion of each annual appropriation is available to the Secretary of the Interior to defray expenses of administering the program and of aiding in the formulation, adoption, or administration of any compact between two or more States for the conservation and management of migratory fishes in marine or fresh waters. The remainder of the appropriation is required to be apportioned as follows:

a. 40 percent in the ratio which the area of each State, including coastal and Great Lakes waters, bears to the total area of all the States; and

b. 60 percent in the ratio which the number of persons holding licenses to fish for sport or recreation in the State in the second fiscal year preceding the fiscal year for which the apportionment is made bears to the number of such persons in all the States.

No State is permitted to receive less than one percent or more than five percent of the total amount apportioned. Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands can also receive limited amounts of these revenues.

2. National recreational boating safety and facilities improvement fund ("boating safety fund")

The National Recreational Boating Safety and Facilities Improvement Fund ("Boating Safety Fund") was enacted on October 14, 1980 (P.L. 96-451) to provide a source of funding for Federal recreational boat safety and facilities improvement projects. Before this time, all funds attributable to the excise taxes on gasoline and special motor fuels used in motorboats were transferred periodically into the Land and Water Conservation Fund. The 1980 Act provided financing for the Boating Safety Fund for fiscal year 1981 through 1983. The Highway Revenue Act of 1982 (Title V of the Surface Transportation Assistance Act of 1982, P.L. 97-424) extended the Boating Safety Fund through fiscal year 1988, and increased the amounts to be transferred into the Fund (as indicated below).

The Secretary of the Treasury is authorized to pay into the Boating Safety Fund certain amounts equivalent to the motorboat fuels taxes received on or after October 1, 1980, and before October 1, 1988. The aggregate amount transferred during each fiscal year cannot exceed $45 million for fiscal years 1983 through 1988. Additionally, the maximum amount permitted to be held by the Fund at any time cannot exceed $45 million. Any excess motorboat fuels tax receipts are transferred into the Land and Water Conservation Fund, discussed below.

Amounts in the Boating Safety Fund are available, as provided in appropriation acts, for carrying out the purposes of the Federal Boat Safety Act of 1971 (46 U.S.C. 1476). Under that Act, as amended in 1982 by the Surface Transportation Act, the Secretary of Transportation is provided with authority to contract with the States to implement and administer boating safety programs. Approval of specific elements of a State program by the Transportation Secretary is deemed to be a contractual obligation of the United States.

Under section 26 of the Federal Boat Safety Act, the Secretary of Transportation may allocate and distribute amounts from the Fund to any State that has a State recreational boating safety and facilities improvement program if that program meets certain standards and the State provides matching funds. Currently, one-third of the revenue available for allocation and distribution is to be allocated

for recreational boating safety programs and two-thirds is to be allocated for recreational boating facilities improvement programs.

Available Boating Safety Fund amounts are allocated and distributed to the States for recreational boating safety programs and facilities improvement programs as follows: One-third allocated equally among eligible States; one-third allocated among eligible States who maintain an approved State vessel numbering system according to number of vessels; and one-third allocated to eligible States according to the amount of State funds expended or obligated for State boating safety programs or boating facility improvement programs.

3. Land and water conservation fund

On September 3, 1964, the Congress enacted Public Law 88–578, which established the Land and Water Conservation Fund ("LWCF") as a separate account in the Treasury, effective January 1, 1965. Present law (16 U.S.C. 460*l*–5) provides for deposit of the following amounts in the LWCF:

a. All proceeds, except those committed under other statutes, received from any disposal of surplus property and related personal property under the Federal Property and Administrative Services Act of 1949, as amended;

b. Except as noted previously, an amount equivalent to the 9-cents-per-gallon taxes on gasoline and special motor fuels used in motorboats;

c. Revenues from Federal recreation fee collections (since January 1, 1981);

d. Amounts necessary to make the income of the Fund not less than $900 million for fiscal year 1978 and for each fiscal year thereafter through September 30, 1989 (if appropriated); and

e. To the extent that the appropriated sums are not sufficient to make the total annual income of the Fund equivalent to the amounts stated above, an amount sufficient to cover the remainder from miscellaneous receipts under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.).

The general purposes of the LWCF are to (1) to provide funds for and authorize Federal assistance to the States in planning, acquisition, and development of needed land and water areas and facilities, and (2) to provide funds for the Federal acquisition and development of certain lands and other areas. Monies in the Fund are available for expenditures as provided in appropriations Acts. Not less than 40 percent of annual appropriations are to be used for Federal purposes; these include activities and programs of the Bureau of Land Management, the Forest Service, the Fish and Wildlife Service, and the National Park Service. The remainder of funds appropriated are apportioned among the States on the basis of statutory formula and criteria.

Reasons for Change

The committee agrees with the Committee on Merchant Marine and Fisheries that additional revenues should be dedicated to support the Federal-State sport fish restoration program and that this

support should be accomplished through a special fund for that purpose. However, the committee believes that such a dedicated fund should be a regular trust fund and placed in the Trust Fund Code of the Internal Revenue Code for ease of administration and oversight, and to conform to prior committee policy of incorporating trust funds (i.e., Airport and Airway, Highway, and Black Lung Trust Funds) into the Internal Revenue Code.

Moreover, the committee determined that the new Trust Fund should have two seperate accounts, the Sport Fish Restoration Account and the Boating Safety Account, each with its own earmarked revenue sources. These two special trust fund accounts will accomplish the intended purposes of the two separate special "funds" and that were contemplated by the Committee on Merchant Marine and Fisheries.

The committee agreed that up to $45 million per year (fiscal years 1983–1988) of revenues from the taxes on motorboat fuels should continue to be dedicated to Federal-State boating safety programs, to be divided two-thirds for State boating safety programs and one-third for operating expenses of the U.S. Coast Guard to defray the cost of services provided for recreational boating safety. For motorboat fuels tax revenues in excess of the amounts transferred to the Boating Safety Account, the committee determined that such amounts (except for $1 million per year) should go into the Sport Fish Restoration Account rather than the Land and Water Conservation Fund as under present law.

Explanation of Trust Fund Provisions

1. Aquatic resources trust fund

In general

The committee bill establishes a new trust fund, The Aquatic Resources Trust Fund (to be known as the Breaux-Forsythe Fund) in the Trust Fund Code of the Internal Revenue Code, to be administered by the Secretary of the Treasury. The new Trust Fund expands and combines funding for the present sport fish restoration and boating safety programs into a single trust fund. The Trust Fund will consist of two accounts, the Sport Fish Restoration Account and the Boating Safety Account, described below. The bill also makes conforming amendments to Titles I and II of H.R. 2163 necessary because of the establishment of the Aquatic Resources Trust Fund.

Amounts equivalent to the following revenues are appropriated to finance the purposes of the new Trust Fund—

a. Revenues from the expanded excise tax on sport fishing equipment (both the 10-percent and the 3-percent portions);

b. Revenues from the 9-cents-per-gallon excise taxes on gasoline and special fuels used in motorboats, (other than $1 millon of those revenues which are transferred to the Land and Water Conservation Fund); and

c. Import duties imposed on fishing equipment and on yachts and pleasure craft.

Sport fish restoration account

The present Dingell-Johnson "fund" program is replaced by the expanded program provided by the new Sport Fish Restoration Account. This expanded program is financed by trust fund revenues attributable to (1) the expanded excise tax on fishing equipment, (2) the motorboat fuels taxes (to the extent these revenues exceed the amount transferred to the Boating Safety Account and Land and Water Conservation Fund), and (3) import duties on fishing equipment and on yachts and pleasure craft.

The expenditure purposes established for the Sport Fish Restoration Account are those purposes presently established for the Dingell-Johnson program, as amended by the bill (16 U.S.C. 777a, as amended). Expenditure purposes are limited to those provided by law as of October 1, 1983.

Specifically, monies in the account may be expended, subject to appropriation acts, for the purpose of restoring and managing all species of fish which have material value in connection with sport or recreation in the marine and or fresh waters of the United States including—

a. Such research into problems of fish management and culture as may be necessary to efficient administration affecting fish resources;

b. Acquisition of such facts as are necessary to guide and direct the regulation of fishing by law, including the extent of the fish population, the drain on the fish supply from fishing and/or natural causes, the necessity of legal regulation of fishing, and the effects of any measures of regulation that are applied;

c. Formulation and adoption of plans for restocking waters with food and game fishes according to natural areas or districts to which such plans are applicable, together with the acquisition of such facts as are necessary to the formulation, execution, and testing the efficacy of such plans;

d. Selection, restoration, rehabilitation, and improvement of areas of water or land adaptable as hatching, feeding, resting, or breeding places for fish, including acquisition by purchase, condemnation, lease, or gift of such areas or estates or interests therein as are suitable or capable of being made suitable therefor, and the construction thereon or therein of such works as may be necessary to make them available for such purposes, and such preliminary or incidental costs and expenses as may be incurred in and about such works;

e. Acquisition, development, renovation, or improvement of facilities (and auxiliary facilities necessary to insure safe use of such facilities) that create, or add to, public access to the waters of the United States for boating purposes;

f. Aquatic resource education programs for increasing public understanding of the Nation's water resources and associated aquatic life forms; and

g. Subject to a percentage limitation contained in the Act, for administration of the sport fish restoration program by the Secretary of the Interior.

Monies in the account will be available for expenditure by the Secretary of the Interior as provided in the Act of August 9, 1950, and will remain available until spent.

Boating safety account

The National Recreational Boating Safety and Facilities Improvement Fund is repealed and a new, permanent, Boating Safety Account is established to carry out its purposes, as amended by the bill. The Boating Safety Account is to be funded by an amount equivalent to a portion of the revenues from the excise taxes on motorboat fuels transferred. Amounts allocated to the Account cannot exceed $45 million in any fiscal year. Additionally, no amount may be allocated to the Account if such allocation would cause the uncommitted balance of the Account to exceed $45 million.

The expenditure purposes established for the Boating Safety Account are the same as those established for the present Boating Safety Fund, as amended by the bill. Expenditure purposes are limited to those provided by section 30 of the Federal Boat Safety Act of 1971, as of October 1, 1983 (i.e., the purposes provided as of the day after the date of enactment of the bill, including amendments to that Act made by the bill, but not yet effective).

Specifically, monies in the Account may be expended, subject to appropriation acts, as follows—

a. Two-thirds of the amount allocated to the Account in any fiscal year (i.e., up to $30 million) for State boating safety programs; and

b. One-third of the amount allocated to the Account (i.e., up to $15 million) to the operating expenses account of the Coast Guard (including the Coast Guard Auxiliary) to defray the cost of services provided by it for recreational boating safety.

The State boating safety program purposes eligible for funding from the account are—

a. Providing facilities, equipment, and supplies for boating safety education and law enforcement, including purchase, operation, maintenance, and repair;

b. Training personnel in skills related to boating safety and to the enforcement of boating safety laws and regulations;

c. Providing public boating safety education, including educational programs and lectures, to the boating community and the public school system;

d. Acquiring, constructing, or repairing public access sites used primarily by recreational boaters;

e. Conducting boating safety inspections and accident investigations;

f. Establishing and maintaining facilities for, and providing emergency or search-and-rescue assistance; and

g. Establishing and maintaining waterway markers and other appropriate aids to navigation.

Monies in the Account will be available, subject to appropriations acts, for expenditure by the Secretary of Transportation pursuant to that Secretary's contract authority, and will remain available until spent.

2. Land and water conservation fund

An amount not exceeding $1 million per fiscal year of the revenues attributable to the excise taxes on gasoline and special fuels used in motorboats will continue to be transferred to the Land and Water Conservation Fund. No other amendments are made by the bill to that Fund.

Effective Date

The trust fund provisions of the bill are effective on October 1, 1983.

Revenue Effect

The revenue effects of these provisions are shown in the table in Part V of this report.

III. EXPLANATION OF THE PROVISIONS OF THE BILL REGARDING TAX TREATMENT OF PROPOSED NATIONAL FISH AND WILDLIFE FOUNDATION

Establishment of National Fish and Wildlife Foundation

H.R. 2809, as reported by the Committee on Merchant Marine and Fisheries on May 16, 1983, and as amended by the committee, establishes a National Fish and Wildlife Foundation ("Foundation") as a charitable, not-for-profit organization. The Foundation is not to be considered an agency or establishment of the United States Government.

The general purposes of the Foundation are to encourage, accept, and manage private donations (including gifts of property) for the benefit of, or in connection with, the activities and services of the U.S. Fish and Wildlife Service, and to conduct such other activities as further the conservation and management of fish and wildlife resources of the United States, and its territories and possessions.

Present Law

1. Tax-treatment of charitable organizations

Under present law, certain charitable, religious, and educational organizations generally are not subject to Federal income tax (Code sec. 501). Generally, these organizations are not enumerated individually in the statute. Rather, an organization generally must apply to the Internal Revenue Service for a determination of exempt status (sec. 508).

Organizations otherwise exempt from tax are nonetheless subject to tax on their unrelated business income (secs. 511–514). The tax on unrelated business income generally is determined as if the organization were a taxable corporation. In general, the term unrelated business income is defined as income from a trade or business which is regularly carried on by the organization and is not substantially related to the exempt purpose of the organization.

Exempt charitable organizations are of two broad types, public charities and private foundations. Private foundations are subject to special rules governing their operation and investments. For example, in the case of foundations special excise taxes are imposed on acts of self-dealing (sec. 4941), on failure to distribute income (sec. 4942), on excess business holdings (sec. 4943), for making investments that jeopardize the organizations' charitable purpose (sec. 4944), and on certain expenditures (sec. 4945). Also, private foundations are subject to a 2-percent excise tax on net investment income.

2. Tax treatment of donations to exempt organizations

Valuation rules and types of eligible property interests

In general, donors of property are entitled to claim a deduction for the fair market value of property donated to charitable organizations, the United States, or a State or local government. The deduction is available in determining income, estate, and gift taxes (secs. 170, 2055, and 2522).

Certain types of gifts are subject to special restrictions, either as to the amount deductible or as to types of property interests for which a deduction is permitted. For example, one of these restrictions provides that the amount of gain that would be taxed as ordinary income if the donated property were sold cannot be deducted (sec. 170(e)(1)). Additionally, a contribution of less than the donor's entire interest in the property generally does not give rise to a deduction (income, estate, or gift tax) unless the gift takes the form of an interest in a unitrust, annuity trust, or a pooled income fund (sec. 170(f)(3)). Exceptions to this partial interest rule are provided for remainder interests in farms or personal residences, gifts of undivided portions of the donor's entire interest in the property, and gifts of qualified conservation easements.

Qualified conservation easements are real property interests donated in perpetuity for—

a. The preservation of land areas for outdoor recreation by, or for the education of, the general public;

b. The protection of a natural habitat of fish, wildlife, plants, or a similar ecosystem;

c. The preservation of open space (including farmland and forest land) where such preservation is—

(1) For the scenic enjoyment of the general public, or

(2) Pursuant to a clearly delineated Federal, State, or local governmental conservation policy, and will yield a significant public benefit; or

d. The preservation of an historically important land area or a certified historic structure (sec. 170(h)).

Percentage limitations on aggregate gifts

Present law also imposes percentage limitations on the income tax deduction allowable to an individual in any year. In the case of gifts to private foundations, the maximum annual deduction is 20 percent of the individuals "contribution base" while the value of gifts to other qualified charitable organizations is limited to the excess of 50 percent of the contribution base over the value of deductions claimed for gifts to private foundations. An individual's contribution base is his or her adjusted gross income (net of any net operating loss carryback to the year) (sec. 170(b)(1)). Corporations may not deduct any amount in excess of 10 percent of their taxable income (determined with certain modifications) in any taxable year (sec. 170(b)(2)).

There are no percentage limitations on the amount that may be claimed as a charitable deduction in determining estate and gift tax.

Reasons for Change

The committee agrees generally with the Committee on Merchant Marine and Fisheries regarding the establishment and tax treatment of the National Fish and Wildlife Foundation (H.R. 2809 as reported by that Committee). However, the Committee on Ways and Means determined that the Foundation should be required to satisfy all Internal Revenue Code requirements relating to section 501(c)(3) organizations in order to maintain its tax-exempt status and to be eligible to receive tax-deductible contributions. Further, the committee decided that the tax-related provisions of H.R. 2809, as amended, should be incorporated in the revenue title of H.R. 2163.

Explanation of Provisions

The committee bill (H.R. 2163) provides that the National Fish and Wildlife Foundation, established in H.R. 2809 (as ordered reported by the committee on June 29, 1983), shall be treated as an organization described in section 501(c)(3) of the Internal Revenue Code upon its establishment. As such, the Foundation will be exempt from Federal income tax and will be eligible to receive tax-deductible contributions. Under the committee bill, the Foundation will retain its status as an organization described in section 501(c)(3) so long as it satisfies all requirements of the Internal Revenue Code relating to such organizations.

Effective Date

The provisions of the bill affecting the National Fish and Wildlife Foundation are effective on the day after the date of enactment of H.R. 2809 (as reported by the committee on June 29, 1983).

Revenue Effect

It is estimated that this provision will have a negligible effect on budget receipts.

IV. EXPLANATION OF PROVISION EXPANDING EXCISE TAX ON CERTAIN ARROWS

Present Law

Under present law, an 11-percent manufacturers excise tax is imposed on the sale by a manufacturer, or importer of any bow which has a draw weight of 10 pounds or more and of any arrow which measures 18 inches overall or more in length (sec. 4161(b)). Revenues from this tax are appropriated to the Pittman-Robertson program for support of State wildlife programs.

Reasons for Change

The committee added one tax provision not addressed in the bill as reported by the Committee on Merchant Marine and Fisheries. This provision expands the present excise tax on arrows to include arrows used by crossbow hunters. The committee believes that arrows used by crossbow hunters should be subject to tax because these hunters benefit from the Federal Aid to Wildlife Program as do other hunters using other types of bows.

Explanation of Provision

Under the bill, the excise tax on arrows is expanded to include arrows less than 18 inches in overall length when the arrow is suitable for use with a taxable bow.

Effective Date

This provision of the bill is effective with respect to arrows sold after December 31, 1983.

Revenue Effect

It is estimated that this provision will increase budget receipts by a negligible amount each year.

V. EFFECT OF THE BILL ON THE BUDGET AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

Budget Effects

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made about the effect on the budget of this bill, H.R. 2163, as amended. The committee estimates that the provisions contained in the bill will have the following revenue effects. The bill as amended by the committee will increase gross fiscal year tax revenues by $8 million in 1984, $12 million in 1985 and 1986, and $13 million in 1987 and 1988.

The Treasury Department agrees with this statement.

The table following shows the estimated effect on the funds available for the Sport Fish Restoration Program for fiscal years 1984–1988.

Estimated Revenues Available for Sport Fish Restoration Program Under Present Law and Under H.R. 2163 as Reported by the Committee on Ways and Means, Fiscal Years 1984–88

[In millions of dollars]

	1984	1985	1986	1987	1988
Revenue source: Present law revenue (existing 10-percent excise tax on fishing equipment)	38	41	44	49	53
Additional revenues:					
Expanded tax on sport fishing equipment	8 [1]	12	12	13	13
Transfer of import duties on fishing equipment and certain boats [2]	20	20	20	20	20
Excess motorboat fuels taxes (over that estimated going to the boating safety fund) [3]	[4] 21	[4] 21	[4] 21	[4] 21	[4] 23
Total available [5]	[4] 87	[4] 93	[4] 96	[4] 102	[4] 107

[1] Partial year effect; January 1, 1984, effective date.

[2] Amounts now go into general fund.

[3] Excess over the $45 million limit going to the boating safety account and the $1 million to the land and water conservation fund. Such excess amounts now go into the land and water conservation fund.

[4] This assumes that the full $45 million per year would be transferred to the boating safety account. However, if as the Treasury Department assumes there is only $15 million appropriated and transferred each year, then there would be an additional $30 million per year available for the sport fish restoration program.

[5] Amounts are available for appropriation for the sport fish restoration program in the year following receipt.

Vote of the Committee

In compliance with clause 2(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made about the vote of the committee on the motion to report the bill, as amended. The bill, H.R. 2163, as amended, was ordered favorably reported by voice vote.

VI. OTHER MATTERS TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clause 3(l)(3) and 2(l)(4) of the Rule XI of the Rules of the House of Representatives, the following statements are made with respect to the committee action on H.R. 2163, as amended.

Oversight Findings

With respect to subdivision (A) of clause 2(l)(3) (relating to oversight findings), the committee advises that it was as a result of the committee's oversight activities with respect to the tax treatment of trust funds established in Treasury and of organizations exempt from Federal income tax that the committee concluded that it is appropriate to enact the provisions contained in the bill. The committee held a public hearing on June 2, 1983, on the provisions of H.R. 2163 and H.R. 2809, as reported by the Committee on Merchant Marine and Fisheries.

New Budget Authority and Tax Expenditures

With respect to subdivision (B) of clause 2(l)(3), after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by this bill involve no new budget authority or new or increased tax expenditures.

Consultation with Congressional Budget Office on Budget Estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that the Director of the Congressional Budget Office has examined the committee's budget estimates (as indicated in Part V of this report) and submits the following letter:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 30, 1983.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Budget Act, the Congressional Budget Office has examined H.R. 2163, the Sport Fish Restoration Revenue Act of 1983, as reported by the Committee on Ways and Means. The bill expands the articles subject to the 10 percent excise tax on sport fishing equipment, imposes a 3 percent tax on electric outboard motors, and expands the excise tax on arrows. The bill also provides that the National Fish and Wildlife Foundation established by H.R. 2809 will be treated as an organization exempt from tax under Code Section 501(c)(3).

The Congressional Budget Office has reviewed and agrees with the estimate prepared by the Staff of the Joint Committee on Taxation. The bill will increase gross fiscal year revenues by $8 million in 1984, $12 million in 1985 and 1986, and $13 million in 1987 and 1988. Net fiscal year tax receipts (after income tax offsets) are estimated to increase by $6 million 1984, $9 million in 1985 and 1986, and $10 million in 1987 and 1988. The provision of the bill providing tax-exempt status to the National Fish and Wildlife Foundation will have a negligible revenue effect.

This letter does not consider the outlay effects the bill may have.

With best wishes.

Sincerely,

ROSEMARY MARCUSE
(FOR ALICE RIVLIN, DIRECTOR).

Oversight by Committee on Government Operations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject matter of this bill.

Inflationary Impact

In compliance with clause 2(l)(4), the committee states that the enactment of this bill is not expected to have a significant overall inflationary impact on prices and costs in the operation of the national economy. The expansion of the 10-percent excise tax to additional items of sport fishing equipment and the imposition of the tax at a 3-percent rate on electric outboard motors could cause an increase in the prices of such articles, however, depending on the extent to which the taxes are passed on to the ultimate consumers.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FEDERAL BOAT SAFETY ACT OF 1971

* * * * * * *

[DECLARATION OF POLICY AND PURPOSE

[SEC. 2. It is declared to be the policy of Congress and the purpose of this Act to improve recreational boating safety and facilities and to foster greater development, use, and enjoyment of all the waters of the United States by encouraging and assisting participation by the several States, the boating industry, and the boating public in the development, administration, and financing of a national recreational boating safety and facilities improvement program; by authorizing the establishment of national construction and performance standards for boats and associated equipment; and by creating more flexible authority governing the use of boats and equipment. It is further declared to be the policy of Congress to encourage greater and continuing uniformity of boating laws and regulations as among the several States and the Federal Government, a higher degree of reciprocity and comity among the several jurisdictions, and closer cooperation and assistance between the Federal Government and the several States in developing, administering, and enforcing Federal and State laws and regulations pertaining to boating safety.]

DECLARATION OF POLICY AND PURPOSE

SEC. 2. It is declared to be the policy of Congress and the purpose of this Act to improve recreational boating safety and to foster greater development, use, and enjoyment of all waters of the United States by encouraging and assisting participation by the States, the boating industry, and the boating public in activities related to increasing boating safety; by authorizing the establishment of national construction and performance standards for boats and associated equipment; by creating more flexible authority governing the use of boats and equipment; and by facilitating the provision of services by the United States Coast Guard on behalf of boating safety. It is further declared to be the policy of Congress to encourage greater and continuing uniformity of boating laws and regulations among the States and the Federal Government, to encourage and assist the

States in exercising their authorities in boating safety, to foster greater cooperation and assistance between the Federal Government and the States in administering and enforcing Federal and State laws and regulations pertaining to boating safety, and to equitably utilize taxes paid on fuel use in motor boats in a manner which enhances boating safety.

DEFINITIONS

SEC. 3. As used in this Act, and unless the context otherwise requires—

* * * * * * *

(11) "Eligible State" means a State that has a State recreational boating safety [and facilities improvement] program that has been accepted by the Secretary.

[(12) "State recreational boating safety and facilities improvement program" means a State recreational boating safety program, or a State recreational boating facilities improvement program, or both.]

[(13)] *(12)* "State recreational boating safety program" means education, assistance, and enforcement activities conducted for the purpose of boating accident or casualty prevention, reduction, and reporting.

[(14) "State recreational boating facilities improvement program" means programs to develop or improve public facilities that create, or add to, public access to the waters of the United States to improve their suitability for recreational boating purposes, including such ancillary facilities as are necessary to insure the safe use of those facilities. Such term shall include acquisition of title, or any interest in, riparian or submerged land, and the capital improvement of riparian or submerged land for the purpose of increasing public access to the waters of the United States.

[(15) "Fund" means the National Recreational Boating Safety and Facilities Improvement Fund established by title II of this Act.]

(13) "Fund" means the Boat Safety Account established by section 9504 of the Internal Revenue Code of 1954.

* * * * * * *

NATIONAL RECREATIONAL BOATING SAFETY [AND FACILITIES IMPROVEMENT] PROGRAM

SEC. 25. (a) In order to encourage greater State participation and uniformity in boating safety [and facility improvement] efforts, and particularly to permit the States to assume the greater share of boating safety education, assistance, and enforcement activities, the Secretary shall implement and administer a national recreational boating safety [and facilities improvement] program. Under this program, the Secretary [may] *shall* contract with, and allocate and distribute funds to eligible States to assist them in the development, administration, and financing of State recreational boating safety [and facilities improvement] programs. The Secretary shall establish guidelines and standards for this program. In doing so, he shall—

(1) consider, among other things, factors which affect recreational boating safety by contributing to overcrowding and congestion of waterways, such as the increasing number of recreational boats using those waterways and their geographic distribution, and the availability and geographic distribution of recreational boating facilities within and among applying States, as well as State recreational boating casualty and fatality statistics;

(2) consult with the Secretary of the Interior so as to minimize duplication with the purposes and expenditures of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-4) and with the guidelines developed thereunder; and

(3) maintain environmental standards consistent with the Coastal Zone Management Act of 1972 (16 U.S.C. 1451-1464) and other Federal laws and policies intended to safeguard the ecological and esthetic quality of our Nation's waters and wetlands.

(b) A State whose recreational boating safety [and facilities improvement] program has been accepted by the Secretary shall be eligible for allocation and distribution of funds under this Act to assist that State in the development, administration, and financing of its State program. Matching funds shall be allocated and distributed among eligible States by the Secretary in accordance with section 26 of this Act.

* * * * * * *

PROGRAM ACCEPTANCE

SEC. 26. (a) The Secretary, in accordance with this section and such regulations as he may promulgate, [may] *shall* contract with, and allocate and distribute funds from the fund to any State that has an accepted State recreational boating safety [and facilities improvement] program, if the State demonstrated to his satisfaction that—

(1) the program submitted by that State is consistent with the purposes of this Act;

(2) funds distributed will be used to develop and administer a State recreational boating safety [and facilities improvement] program containing the minimum requirements set forth in subsection (b) [, (c), or (d)] of this section;

(3) sufficient State matching funds are available from either general revenue, boat registration and license fees, State marine fuels taxes, or from a fund constituted from the proceeds of such a tax and established for the purpose of financing a State recreational boating safety [and facilities improvement] program. No Federal funds from other sources may be used to provide a State's share of the costs of the program described under this section, nor may any State matching funds committed to a program under this Act be used to constitute the State's share of matching funds required by any other Federal program; and

(4) the program submitted by that State designates a State lead authority or agency, which would implement or coordinate the implementation of the State recreational boating

safety [and facilities improvement] program supported by Federal financial assistance in that State, including the requirement that the designated State authority or agency submit required reports that are necessary and reasonable for a proper and efficient administration of the program and that are in the form prescribed by the Secretary.

(b) The Secretary shall accept a State recreational boating safety program, and such program shall be eligible to receive funds authorized to be expended pursuant to section 30(a) of this Act, if such program includes—

(1) a vessel numbering system, either approved or administered by the Secretary under this Act;

(2) a cooperative boating safety assistance program with the Coast Guard in that State;

(3) sufficient patrol and other activity to insure adequate enforcement of applicable State boating safety laws and regulations; and

(4) an adequate State boating safety education program. His action in doing so shall be deemed a contractual obligation of the United States for the payment of the proportional share of the cost of implementing the program.

[(c) The Secretary shall accept a State recreational boating facilities improvement program, and such program shall be eligible to receive funds authorized to be expended pursuant to section 30(b) of this Act, if such program includes—

[(1) a complete description of recreational boating facility improvement projects to be undertaken by the State; and

[(2) consultation with State officials responsible for the statewide comprehensive outdoor recreation plan required by the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-4) and for any program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451-64). His action in doing so shall be deemed a contractual obligation of the United States for the payment of the proportional share of the cost of implementing the program.

[(d) Any State may, at its election, submit a combined program to the Secretary for the improvement of recreational boat safety and the improvement of recreational boating facilities in that State. The Secretary shall approve such program if it contains a minimum requirements set forth in subsection (b) and (c) of this section. Those portions of such combined program that are designed to improve recreational boating safety shall be eligible to receive funds authorized to be expended for State recreational boating safety programs pursuant to section 30(a) of this Act. Approval of those elements of a combined program shall be deemed a contractual obligation of the United States for the payment of the proportional share of the cost of implementing State recreational boating safety programs pursuant to this Act. Those portions of such combined program that are designed to improve recreational boating facilities shall be eligible to receive funds authorized to be expended for State recreational boating facilities improvement programs pursuant to section 30(b) of this Act. Approval of those elements of a combined program shall be deemed a contractual obligation of the United States for the payment of the proportional share

of the cost of implementing state recreational boating facilities programs pursuant to this Act.]

ALLOCATION OF FEDERAL FUNDS

SEC. 27. (a) The Secretary shall allocate the Federal funds available for allocation and distribution under this Act for State recreational boating safety programs as follows:

(1) one-third shall be allocated equally among eligible States;

(2) one-third shall be allocated among eligible States that maintain a State vessel numbering system approved under this Act so that the amount allocated each fiscal year to each such State will be in the same ratio as the number of vessels numbered in that State bears to the number of vessels numbered in all eligible States; and

(3) one-third shall be allocated so that the amount allocated each fiscal year to each eligible State will be in the same ratio as the amount of State funds expended or obligated by such State for the State recreational boating safety program during the previous fiscal year bears to the total State funds expended or obligated during that fiscal year by all eligible States for State recreational boating safety programs.

[(b) The Secretary shall allocate the Federal funds available for allocation and distribution under this Act for State recreational boating facilities improvement programs as follows:

[(1) one-third shall be allocated equally each year among eligible States;

[(2) one-third shall be allocated so that the amount each year to each eligible State will be in the same ratio as the number of vessels numbered in that State bears to the number of vessels numbered in all eligible States; and

[(3) one-third shall be allocated so that the amount each year to each eligible State shall be in the same ratio as the State funds expended or obligated by the State for a recreational boating facilities improvement program approved under this Act during the previous fiscal year by a State bears to the total State funds expended or obligated for that fiscal year by all eligible States for recreational boating facilities improvement programs.]

[(c)] (*b*) The amount received by any State under this section in any fiscal year may not exceed one-half of the total cost incurred by that State in the development, administration, and financing of that State's recreational boating safety [and facilities improvement] program in that fiscal year.

[(d)] (*c*) No allocation or distribution of funds under this section may be made to any State for the maintenance of boating facilities under an approved State recreational boating safety [and facilities improvement] program.

[(e)] (*d*) The Secretary may allocate not more than 5 percent of the funds available for allocation and distribution in any fiscal year for national boating safety activities of one or more national nonprofit public service organizations.

[(f) The Secretary is authorized to expend from the funds available for allocation and distribution in any fiscal year such sums as

are necessary for the administration of this Act, but in no event may the funds expended for such administration in any fiscal year exceed the greater of $250,000 or 2 percent of the funds available for allocation and distribution in that fiscal year.]

* * * * * * *

DETERMINATION OF STATE FUNDS EXPENDED

SEC. 29. In accordance with regulations prescribed by the Secretary computation by a State of funds expended or obligated for the State recreational boating safety [and facilities improvement] program shall include the acquisition, maintenance, and operating costs of facilities, equipment, and supplies; personnel salaries and reimbursable expenses; the costs of training personnel; public boat safety education; the costs of administering the program; and other expenses which the Secretary considers appropriate. The Secretary shall determine any issues which arise in connection with such computation.

[AUTHORIZATION OF CONTRACT SPENDING AUTHORITY FOR STATE RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT PROGRAMS

[SEC. 30. For the purposes of providing financial assistance for State recreational boating safety and facilities improvement programs, the Secretary is authorized to expend, subject to such amounts as are provided in appropriations Acts for liquidation of contract authority, an amount equal to the revenues accruing each fiscal year from the taxes under section 4041(b) of the Internal Revenue Code of 1954 with respect to special motor fuels used as fuel in motor boats and under section 4081 of such Code with respect to gasoline used as fuel in motor boats. Of the funds available for allocations and distribution for recreational boating safety and facilities improvement programs, one-third shall be allocated for recreational boating safety programs and two-thirds shall be allocated for recreational boating facilities improvement programs beginning with fiscal year 1983, any funds authorized to be expended for State recreational and boating safety improvement programs shall remain available until expended and shall be deemed to have been expended only if a sum equal to the total amounts authorized to be expended under this section for the fiscal year in question and all previous fiscal years have been obligated. Any funds that were previously obligated but are released by payment of a final voucher or modification of a program acceptance shall be credited to the balance of unobligated funds and shall be immediately available for expenditure.]

AUTHORIZATION OF FUNDS FOR BOATING SAFETY

SEC. 30. (a)(1) The Secretary is authorized to expend in each of the fiscal years 1984, 1985, 1986, 1987, and 1988, subject to such amounts as are provided in appropriations Acts for liquidation of contract authority, an amount equal to two-thirds of the amount transferred for such fiscal year to the Boat Safety Account under section 9503(c)(4) of the Internal Revenue Code of 1954. Such

amount shall be allocated in accordance with section 27 of this Act and shall be available for State recreational boating safety programs in accordance with the guidelines established under paragraph (2) of this subsection. Any funds authorized to be expended for State recreational boating safety programs shall remain available until expended and shall be deemed to have been expended only if a sum equal to the total amounts authorized to be expended under this section for the fiscal year in question and all previous fiscal years have been obligated. Any funds that were previously obligated but are released by payment of a final voucher or modification of a program acceptance shall be credited to the balance of unobligated funds and shall be immediately available for expenditure.

(2) The Secretary shall establish guidelines prescribing the purposes for which funds available under this Act for State recreational boating safety programs may be used. Such purposes may include, but are not limited to, the following:

(A) providing facilities, equipment, and supplies for boating safety education and law enforcement, including purchase, operation, maintenance, and repair;

(B) training personnel in skills related to boating safety and to the enforcement of boating safety laws and regulations;

(C) providing public boating safety education, including educational programs and lectures, to the boating community and the public school system;

(D) acquiring, constructing, or repairing public access sites used primarily by recreational boaters;

(E) conducting boating safety inspections and accident investigations;

(F) establishing and maintaining facilities for, and providing emergency or search-and-rescue assistance;

(G) establishing and maintaining waterway markers and other appropriate aids to navigation; and

(H) providing State boat numbering or titling programs.

(b) An amount equal to one-third of the amount transferred for each of the fiscal years 1984, 1985, 1986, 1987, and 1988 to the Boat Safety Account under section 9503(c)(4) of the Internal Revenue Code of 1954 shall be available to the Secretary for expenditure out of the operating expenses account of the Coast Guard for services provided by the Coast Guard for recreational boating safety, including services provided by the Coast Guard Auxiliary. Amounts made available by this subsection shall remain available until expended.

PAYMENTS

SEC. 31. (a) Amounts allocated under section 27 of this Act shall be computed and paid to the States as follows: * * *

* * * * * * *

(c) Whenever the Secretary, after reasonable notice to the designated State authority or agency, finds that—

(1) the State recreational boating safety [and facilities improvement] program submitted by the State and accepted by the Secretary has been so changed that it no longer complies with this Act or standards established by regulations thereunder; or

(2) in the administration of the State recreational boating safety [and facilities improvement] program, there has been a failure to comply substantially with the standards established by the regulations;

the Secretary shall notify the State authority or agency that no further payments will be made to the State until the program conforms to the established standards or the failure is corrected.

* * * * * * *

CONSULTATION AND COOPERATION

SEC. 32. (a) In carrying out his responsibilities under this Act the Secretary may consult with State and local governments, public and private agencies, organizations and committees, private industry, and other persons having an interest in boating safety [and facilities improvement].

(b) The Secretary may advise, assist, and cooperate with the States and other interested public and private agencies, in the planning, development, and executive of boating safety [and facilities improvement] programs. Acting under the authority of section 141 of title 14, United States Code, and consonant with the policy defined in section 2 of this Act, the Secretary shall insure the fullest cooperation between the State and Federal authorities in promoting boating safety by entering into agreements and other arrangements with the State whenever possible. Subject to the provisions of chapter 23, title 14, he may make available, upon request from a State, the services of members of the Coast Guard Auxiliary to assist the State in the promotion of boating safety on State waters.

* * * * * * *

ACT OF AUGUST 9, 1950

AN ACT To provide that the United States shall aid the States in fish restoration and management projects, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled That *(a)* the Secretary of the Interior is authorized and directed to cooperate with the States through their respective State fish and game departments in fish restoration and management projects as hereinfter set forth; No money apportioned under this Act to any State, except as hereinafter provided, shall be expended therein until its legislature, or other State agency authorized by the State constitution to make laws governing the conservation of fish, shall have assented to the provisions of this Act and shall have passed laws for the conservation of fish, which shall include a prohibition against the diversion of license fees paid by fishermen for any other purpose than the administration of said State fish and game department, except that, until the final adjournment of the first regular session of the legislature held after passage of this Act, the assent of the governor of the State shall be sufficient. The Secretary of the Interior and the State fish and game department of each State accepting

the benefits of this Act shall agree upon the fish restoration and management projects to be aided in such State under the terms of this Act, and all projects shall conform to the standards fixed by the Secretary of the Interior.

(b) Each coastal State, to the extent practicable, shall equitably allocate the following sums between marine fish projects and freshwater fish projects in the same proportion as the estimated number of resident marine anglers and the estimated number of resident freshwater anglers, respectively, bear to the estimated number of all resident anglers in that State:

(1) The additional sums apportioned to such state under this Act as a result of the taxes imposed by the amendment made by section 311 of the Sport Fish Restoration Revenue Act of 1983 on items not taxed under section 4161(a) of the Internal Revenue Code of 1954 before January 1, 1984.

(2) The sums apportioned to such State under this Act that are not attributable to any tax imposed by such section 4161(a).

As used in this subsection, the term "coastal State" means any one of the States of Alabama, Alaska, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Oregon, Rhode Island, South Carolina, Texas, Virginia, and Washington. The term also includes the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Marianas.

* * * * * * *

SEC. 3. To carry out the provisions of this [Act, there is hereby authorized to be appropriated an amount equal to the revenue accruing from tax imposed by section 3406 of the Internal Revenue Code, as heretofore or hereafter extended and amended, on fishing rods, creels, reels, and artificial lures, baits, and flies during the fiscal year ending June 30, 1951, and each fiscal year thereafter.] *Act for fiscal years after September 30, 1984, there are authorized to be appropriated from the Sport Fish Restoration Account established by section 9504(a) of the Internal Revenue Code of 1954 the amounts paid, transferred, or otherwise credited to that Account. For purposes of the provision of the Act of August 31, 1951, which refers to this section, such amounts shall be treated as the amounts that are equal to the revenues described in this section.* The appropriation made under the provisions of this section for each fiscal year shall continue available during the succeeding fiscal year. So much of such appropriation apportioned to any State for any fiscal year as remains unexpended at the close thereof is authorized to be made available for expenditure in that State until the close of the succeeding fiscal year. Any amount apportioned to any State under the provisions of this Act which is unexpended or unobligated at the end of the period during which it is available for expenditure on any project is authorized to be made available for expenditure by the Secretary of the Interior in carrying on the research program of the Fish and Wildlife Service in respect to fish of material value for sport and recreation.

SEC. 4. [So much, not to exceed 8 per centum, of each annual appropriation made in pursuance of the provisions of section 3 of

this Act as the Secretary of the Interior may estimate to be necessary for his expenses in the conduct of necessary investigations, administration, and the execution of this Act and for aiding in the formulation, adoption, or administration of any compact between two or more States for the conservation and management of migratory fishes in marine or freshwaters shall be deducted for that purpose, and such sum is authorized to be made available therefor until the expiration of the next succeeding fiscal year.] *So much, not to exceed 6 per centum, of each annual appropriation made in accordance with the provisions of section 3 of this Act as the Secretary of the Interior may estimate to be necessary for his expenses in the conduct of necessary investigations, administration, and the execution of this Act and for aiding in the formulation, adoption, or administration of any compact between two or more States for the conservation and management of migratory fishes in marine or freshwaters shall be deducted for that purpose, and such sum is authorized to be made available therefor until the expiration of the next succeeding fiscal year.* The Secretary of the Interior, after making the aforesaid deduction, shall apportion the remainder of the appropriation for each fiscal year among the several States in the following manner: 40 per centum in the ratio which the area of each State including coastal and Great Lakes waters (as determined by the Secretary of the Interior) bears to the total area of all the States, and 60 per centum in the ratio which the number of persons holding paid licenses to fish for sport or recreation in the State in the second fiscal year preceding the fiscal year for which such apportionment is made, as certified to said Secretary by the State fish and game departments, bears to the number of such persons in all the States. Such apportionments shall be adjusted equitably so that no State shall receive less than 1 per centum nor more than 5 per centum of the total amount apportioned. Where the apportionment to any State under this section is less than $4,500 annually, the Secretary of the Interior may allocate not more than $4,500 of said appropriation to said State to carry out the purposes of this Act when said State certifies to the Secretary of the Interior that it has set aside not less than $1,500 from its fish-and-game funds or has made, through its legislature, an appropriation in this amount for said purposes. So much of any sum not allocated under the provisions of this section for any fiscal year is hereby authorized to be made available for expenditure to carry out the purposes of this Act until the close of the succeeding fiscal year, and if unexpended or unobligated at the end of such year, such sum is hereby authorized to be made available for expenditure by the Secretary of the Interior in carrying on the research program of the Fish and Wildlife Service in respect to fish of material value for sport or recreation. The term fiscal year as used in this section shall be a period of twelve consecutive months from October 1 through the succeeding September 30, except that the period for enumeration of persons holding licenses to fish shall be a State's fiscal or license year.

SEC. 5. For each fiscal year beginning with the fiscal year ending June 30, 1951, the Secretary of the Interior shall certify to the Secretary of the Treasury, and to each State fish and game department, the sum which he has estimated to be deducted for adminis-

tering and executing this Act and the sum which he has apportioned to each State for such fiscal year. [Any State desiring to avail itself of the benefits of this Act shall notify the Secretary of the Interior to this effect within sixty days after it has received the certification referred to in this section. The sum apportioned to any State which fails to notify the Secretary of the Interior as herein provided is authorized to be made available for expenditure by the Secretary of the Interior in carrying out the provisions of the fish-research program of the Fish and Wildlife Service.]

SEC. 6. (a) * * *

* * * * * * *

(d) The Secretary of the Interior may enter into agreements to finance up to 75 per centum of the initial costs of the acquisition of lands or interests therein and the construction of structures or facilities for appropriations currently available for the purposes of this Act; and to agree to finance up to 75 per centum of the remaining costs over such a period of time as the Secretary may consider necessary. The liability of the United States in any such agreement is contingent upon the continued availability of funds for the purposes of this Act.

* * * * * * *

SEC. 8. *(a)* To maintain fish-restoration and management projects established under the provisions of this Act shall be the duty of the States according to their respective laws. Beginning July 1, 1953, maintenance of projects heretofore completed under the provisions of this Act may be considered as projects under this Act. Title to any real or personal property acquired by any State, and to improvements placed on State-owned lands through the use of funds paid to the State under the provisions of this Act, shall be vested in such State.

(b)(1) Each State shall allocate 10 per centum of the funds apportioned to it for each fiscal year under section 4 of this Act for the payment of up to 75 per centum of the costs of the acquisition, development, renovation, or improvement of facilities (and auxiliary facilities necessary to insure the safe use of such facilities) that create, or add to, public access to the waters of the United States to improve the suitability of such waters for recreational boating purposes.

(2) So much of the funds that are allocated by a State under paragraph (1) in any fiscal year that remained unexpended or unobligated at the close of such year are authorized to be made available for the purposes described in paragraph (1) during the succeeding fiscal year, but any portion of such funds that remain unexpended or unobligated at the close of such succeeding fiscal year are authorized to be made available for expenditure by the Secretary of the Interior in carrying out the research program of the Fish and Wildlife Service in respect to fish of material value for sport or recreation.

(c) Each State may use not to exceed 10 per centum of the funds apportioned to it under section 4 of this Act to pay up to 75 per centum of the costs of an aquatic resource education program for the purpose of increasing public understanding of the Nation's water resources and associated aquatic life forms. The non-Federal

share of such costs may not be derived from other Federal grant programs. The Secretary shall issue not later than the one hundred and twentieth day after the effective date of this subsection such regulations as he deems advisable regarding the criteria for such programs.

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INTERNAL REVENUE CODE OF 1954

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Subtitle D—Miscellaneous Excise Taxes

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CHAPTER 32—MANUFACTURERS EXCISE TAXES

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Subchapter D—Recreational Equipment

Part I. Sporting goods.
Part III. Firearms.

PART I—SPORTING GOODS

Sec. 4161. Imposition of tax.
Sec. 4162. Sport fishing equipment defined.

SEC. 4161. IMPOSITION OF TAX.

[(a) RODS, CREELS, ETC.—There is hereby imposed upon the sale of fishing rods, creels, reels, and artificial lures, baits, and flies (including parts of accessories of such articles sold on or in connection therewith, or with the sale thereof) by the manufacturer, producer, or importer a tax equivalent to 10 percent of the price for which so sold.]

(a) SPORT FISHING EQUIPMENT.—

(1) IMPOSITION OF TAX.—There is hereby imposed on the sale of any article of sport fishing equipment by the manufacturer, producer, or importer a tax equal to 10 percent of the price for which so sold.

(2) 3-PERCENT TAX RATE FOR ELECTRIC OUTBOARD BOAT MOTORS.—In the case of an electric outboard boat motor, the rate of the tax imposed by this subsection shall be 3 percent (instead of 10 percent).

(3) PARTS OR ACCESSORIES SOLD IN CONNECTION WITH TAXABLE SALE.—In the case of any sale by the manufacturer, producer, or importer of any article of sport fishing equipment, such article shall be treated as including any parts or accessories of such article sold on or in connection therewith or with the sale thereof.

(b) BOWS AND ARROWS, ETC.—

[(1) BOWS AND ARROWS.—There is hereby imposed upon the sale by the manufacturer, producer, or importer—

[(A) of any bow which has a draw weight of 10 pounds or more, and

[(B) of any arrow which measures 18 inches overall or more in length, a tax equivalent to 11 percent of the price for which so sold.]

(1) BOWS AND ARROWS.—There is hereby imposed on the sale by the manufacturer, producer, or importer—

(A) of any bow which has a draw weight of 10 pounds or more, and

(B) of any arrow which—

(i) measures 18 inches overall or more in length, or

(ii) measures less than 18 inches overall in length but is suitable for use with a bow described in subparagraph (A),

a tax equal to 11 percent of the price for which so sold.

(2) PARTS AND ACCESSORIES.—There is hereby imposed upon the sale by the manufacturer, producer, or importer—

(A) of any part or accessory [other than a fishing reel)] suitable for inclusion in or attachment to a bow or arrow described in paragraph (1), and

(B) of any quiver suitable for use with arrows described in paragraph (1),

a tax equivalent to 11 perent of the price for which so sold.

(3) COORDINATION WITH SUBSECTION (a).—No tax shall be imposed under this subsection with respect to any article taxable under subsection (a).

SEC. 4162. SPORT FISHING EQUIPMENT DEFINED.

For purposes of this part, the term "sport fishing equipment" means—

(1) fishing rods and poles (and component parts therefor),

(2) fishing reels,

(3) fly fishing lines, and other fishing lines not over 130 pounds test,

(4) fishing spears, spear guns, and spear tips,

(5) items of terminal tackle, including—

(A) leaders,

(B) artificial lures,

(C) artificial baits,

(D) artificial flies,

(E) fishing hooks smaller than size 6/0,

(F) bobbers,

(G) sinkers,

(H) snaps,

(I) drayles, and

(J) swivels,

but not including natural bait or any item of terminal tackle designed for use and ordinarily used on fishing lines not described in paragraph (3),

(6) the following items of fishing supplies and accessories—

(A) fish stringers,

(B) creels,

(C) tackle boxes,

(D) bags, baskets, and other containers designed to hold fish,

(E) portable bait containers,

(F) fishing vests,

(G) landing nets,

(H) gaff hooks,

(I) fishing hook disgorgers, and

(J) dressing for fishing lines and artificial flies,

(7) fishing tip-ups and tilts,

(8) fishing rod belts, fishing rodholders, fishing harnesses, fish fighting chairs, fishing outriggers, and fishing downriggers, and

(9) electric outboard boat motors.

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Subtitle F—Procedure and Administration

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CHAPTER 64—COLLECTION

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Subchapter A—General Provisions

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SEC. 6302. MODE OR TIME OF COLLECTION.

(a) ESTABLISHMENT BY REGULATIONS * * *

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(d) TIME FOR PAYMENT OF MANUFACTURERS EXCISE TAX ON SPORT FISHING EQUIPMENT.—The tax imposed by section 4161(a) (relating to manufacturers excise tax on sport fishing equipment) shall be due and payable—

(1) in the case of articles sold during the quarter ending December 31, on March 31,

(2) in the case of articles sold during the quarter ending March 31, on June 30,

(3) in the case of articles sold during the quarter ending June 30, on September 24, and

(4) in the case of articles sold during the quarter ending September 30, at such time as the Secretary may by regulations prescribe.

[(d)] *(e)* CROSS REFERENCES.—

(1) For treatment of earned income advance amounts as payment of withholding and FICA taxes, see section 3507(d).

(2) For depositary requirements applicable to the windfall profit tax imposed by section 4986, see section 4995(b).

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Subtitle I—Trust Fund Code

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CHAPTER 98—TRUST FUND CODE

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Subchapter A—Establishment of Trust Funds

Sec. 9501. Black Lung Disability Trust Fund.
Sec. 9502. Airport and Airway Trust Fund.
Sec. 9503. Highway Trust Fund.
Sec. 9504. Aquatic Resources Trust Fund.

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SEC. 9503. HIGHWAY TRUST FUND.

(a) CREATION OF TRUST FUND.—* * *

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(c) EXPENDITURES FROM HIGHWAY TRUST FUND.—

(1) FEDERAL-AID HIGHWAY PROGRAM.—* * *

* * * * * * *

(4) TRANSFERS FROM THE TRUST FUND FOR MOTORBOAT FUEL TAXES.—

(A) TRANSFER TO [NATIONAL RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND] *BOAT SAFETY ACCOUNT.*—

(i) IN GENERAL.—The Secretary shall pay from time to time from the Highway Trust Fund into [the National Recreational Boating Safety and Facilities Improvement Fund established by section 202 of the Recreational Boating Fund Act] *the Boat Safety Account in the Aquatic Resources Trust Fund* amounts (as determined by him) equivalent to the motorboat fuel taxes received on or after October 1, 1980, and before October 1, 1988.

(ii) LIMITATIONS.—

(I) LIMIT ON TRANSFERS DURING ANY FISCAL YEAR.—The aggregate amount transferred under this subparagraph during any fiscal year shall not exceed $45,000,000.

(II) LIMIT ON AMOUNT IN FUND.—No amount shall be transferred under this subparagraph if the Secretary determines that such transfer would result in increasing [the amount in the National Recreational Boating Safety and Facilities Improvement Fund] *the amount in the Boat Safety Account* to a sum in excess of $45,000.000.

[(B) EXCESS FUNDS TRANSFERRED TO LAND AND WATER CONSERVATION FUND.—Any amount received in the Highway Trust Fund which is attributable to motorboat fuel taxes and which is not transferred from the Highway

Trust Fund under subparagraph (A) shall be transferred by the Secretary from the Highway Trust Fund into the land and water conservation fund provided for in title I of the Land and Water Conservation Fund Act of 1965.]

(B) $1,000,000 PER YEAR OF EXCESS TRANSFERRED TO LAND AND WATER CONSERVATION FUND.—

(i) IN GENERAL.—Any amount received in the Highway Trust Fund—

(I) which is attributable to motorboat fuel taxes, and

(II) which is not transferred from the Highway Trust Fund under subparagraph (A), shall be tranferred (subject to the limitation of clause (ii)) by the Secretary from the Highway Trust Fund into the land and water conservation fund provided for in title I of the Land and Water Conservation Fund Act of 1965.

(ii) LIMITATION.—The aggregate amount transferred under this subparagraph during any fiscal year shall not exceed $1,000,000.

(C) EXCESS FUNDS TRANSFERRED TO SPORT FISH RESTORATION ACCOUNT.—Any amount received in the Highway Trust Fund—

(i) which is attributable to motorboat fuel taxes, and

(ii) which is not transferred from the Highway Trust Fund under subparagraph (A) or (B),

shall be tranferred by the Secretary from the Highway Trust Fund into the Sport Fish Restoration Account in the Aquatic Resources Trust Fund.

[(C)] *(D)* MOTORBOAT FUEL TAXES.—For purposes of this paragraph, the term "motorboat fuel taxes" means the taxes under section 4041(a)(2) with respect to special motor fuels used as fuel in motorboats and under section 4081 with respect to gasoline used as fuel in motorboats.

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SEC. 9504. AQUATIC RESOURCES TRUST FUND.

(a) CREATION OF TRUST FUND.—

(1) IN GENERAL.—There is hereby established in the Treasury of the United States a trust fund to be known as the "Aquatic Resources Trust Fund".

(2) ACCOUNTS IN TRUST FUND.—The Aquatic Resources Trust Fund shall consist of—

(A) a Sport Fish Restoration Account, and

(B) a Boat Safety Account.

Each such Account shall consist of such amounts as may be appropriated, credited, or paid to it as provided in this section, section 9503(c)(4), or section 9602(b).

(b) SPORT FISH RESTORATION ACCOUNT.—

(1) TRANSFER OF CERTAIN TAXES TO ACCOUNT.—There is hereby appropriated to the Sport Fish Restoration Account amounts equivalent to the following amounts received in the Treasury on or after October 1, 1983—

(A) the taxes imposed by section 4161(a) (relating to sport fishing equipment), and

(B) the import duties imposed on fishing tackle under subpart B of part 5 of schedule 7 of the Tariff Schedules of the United States (19 U.S.C. 1202) and on yachts and pleasure craft under subpart D of part 6 of schedule 6 of such Schedules.

(2) EXPENDITURES FROM ACCOUNT.—Amounts in the Sport Fish Restoration Account shall be available, as provided by appropriation Acts, to carry out the purposes of the Act entitled "An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes," approved August 9, 1950 (as in effect on October 1, 1983).

(c) EXPENDITURES FROM BOAT SAFETY ACCOUNT.—Amounts in the Boat Safety Account shall be available, as provided by appropriation Acts, for making expenditures before April 1, 1989, to carry out the purposes of section 30 of the Federal Boat Safety Act of 1971 (as in effect on October 1, 1983).

(d) CROSS REFERENCE.—

For provision transferring motorboat fuels taxes to Boat Safety Account and Sport Fish Restoration Account, see section 9503(c)(4).

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RECREATIONAL BOATING FUND ACT OF 1980

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[SEC. 202. ESTABLISHMENT OF NATIONAL RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND.

[There is established in the Treasury of the United States a separate fund to be known as the "National Recreational Boating Safety and Facilities Improvement Fund", consisting of such amounts as may be paid into it as provided in section 209(f)(5) of the Highway Revenue Act of 1956. Amounts in the Fund shall be available, as provided in appropriation Acts, for making expenditures after September 30, 1980, and before April 1, 1984, as provided in section 26 of the Federal Boat Safety Act of 1971 (46 U.S.C 1476).]

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